



DEPARTMENT OF THE NAVY

OFFICE OF THE SECRETARY

WASHINGTON, D.C. 20350-1000

SECNAVINST 5200.36A

UNSECNAV/TQLO

19 January 1993

SECNAV INSTRUCTION 5200.36A

From: Secretary of the Navy

Subj: DEPARTMENT OF THE NAVY POLICY ON PRODUCTIVITY GAIN SHARING

Ref: (a) United States Code (U.S.C.), chapter 45 of Title 5,
Incentive Awards

Encl: (1) DOD/COMP memo of 9 Dec 92

1. Purpose. To provide policies for Productivity Gain Sharing (PGS) within the Department of the Navy. This is a complete revision and should be read in its entirety.

2. Cancellation. SECNAV Instruction 5200.36.

3. Applicability. This instruction is applicable to all Navy and Marine Corps Defense Business Operations Fund and other unit cost activities.

4. Policy

a. PGS is designed to improve the efficiency and effectiveness of the products and services of the Department of the Navy. PGS does this by involving employees and permits activities to share realized savings with employees for their contributions toward reducing the cost of doing business and improving the quality of products and services. Savings from PGS can be realized if the activity accomplishes its mission within predetermined quality parameters at a cost less than the resources allocated under the unit cost system for that fiscal year. If this requirement is met, the savings may be shared equally (adjusted for the performance leveling factor) between the civilian employees and the activity. The basis for measuring productivity gains will no longer be Net Operating Results.



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b. The legal authority for PGS is found in reference (a). Department of the Navy PGS will be conducted in accordance with enclosure (1) which contains the Department of Defense (DOD) policy for PGS. Gain sharing systems now in effect must be reviewed for consistency with the DOD policy and modified, as necessary. Revisions, if any, to existing PGS systems to incorporate the unit cost aspects and implementation of this version of gain sharing must be accomplished within 1 year from the date of the DOD memorandum. PGS will also be conducted under the supplementary guidelines established by activities to provide for any unique requirements.

5. Responsibilities

a. The Office of the Assistant Secretary of the Navy (Research, Development and Acquisition) will:

(1) Establish and maintain Department of the Navy policy governing PGS.

(2) Establish and chair a PGS committee, consisting of representatives from each of the affected management commands, Assistant Secretary of the Navy (Financial Management) and other representatives as required to serve as the forum for consistent command oversight. This will provide a forum to assess consistency with Department of the Navy PGS policy, implementation and effectiveness as well as recommendations for improvements.

b. The affected management commands will:

(1) Review each PGS plan prior to activity negotiation with local labor organizations and approve final draft upon completion of negotiations.

(2) Ensure payouts are reflected in budgets in the manner specified in budget guidance issued by the Comptroller of the Navy.

c. Navy and Marine Corps field activities that decide to implement a PGS system within their activity will:

(1) Develop local PGS plans, and if required by collective bargaining agreements, involve labor organizations in the process.

(2) Monitor execution of the plan to ensure consistency with the requirements of enclosure (1).

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(3) Approve final calculations of budget execution against unit cost goals, including total amount for payout.

(4) Obtain an independent review of the award calculations at no lower than the next senior echelon in the chain of command.

(5) Authorize the annual PGS payment.

d. The Under Secretary of the Navy's Total Quality Leadership Office will provide technical advice and assistance to the PGS committee.

6. Action

a. The Office of the Assistant Secretary of the Navy (Research, Development and Acquisition) will take continuing action to satisfy the responsibilities in paragraph 5a.

b. Affected management commands will participate as members of the PGS committee, review proposed activity PGS plans and provide appropriate guidance and direction to field activities consistent with the provisions of this instruction.



Dan Howard
Under Secretary of the Navy

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